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UNITED STATES DISTRICT COURT

FOR THE SOUTHERN DISTRICT OF CALIFORNIA

FLOWRIDER SURF, LTD., a Canadian
corporation, and
SURF WAVES, LTD., a company
incorporated in the United Kingdom;

Plaintiffs,

vs.

PACIFIC SURF DESIGNS, INC., a
Delaware corporation;

Defendant.

CASE NO. 3:15-CV-01879-BEN-BLM

**PLAINTIFFS' NOTICE OF MOTION
AND MOTION TO COMPEL
DEFENDANT'S DISCOVERY
RESPONSES**

The Honorable Barbara L. Major

1 Plaintiffs FlowRider Surf, Ltd., and Surf Waves, Ltd., hereby move this Court to
2 compel Defendant Pacific Surf Designs, Inc., to respond to Interrogatory Nos. 2, 3, and 9,
3 and Requests for Production Nos. 21, 41, and 44-45. The Motion is based upon this
4 Notice, the attached Memorandum of Points and Authorities, the Declarations of Shaun
5 A. Hoting and Leanna C. Costantini and the Exhibits referenced therein.

6
7 DATED: September 9, 2016

GREENBERG TRAURIG, LLP

8
9 *Attorneys for Plaintiffs*

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1 **I. INTRODUCTION**

2 The discovery requests that are the subject of this Motion to Compel are basic
 3 requests for information regarding sales of the Accused Products by Defendant Pacific
 4 Surf Design, Inc. (“PSD”) and its patents related to the Accused Products. Consistent
 5 with its strategy to delay this case, however, PSD has adopted a warped view of
 6 relevance and refused to disclose documents that Plaintiffs are entitled to in order to
 7 prosecute their infringement case. Plaintiffs FlowRider Surf, Ltd. and Surf Waves Ltd.
 8 (collectively, “Whitewater”) have gone out of their way over the last seven months to
 9 work with PSD to avoid unnecessary court intervention, including by providing extensive
 10 supporting case law. Unfortunately, PSD continues to refuse to disclose highly relevant,
 11 non-privileged information regarding its potential infringement, thereby necessitating the
 12 instant Motion.

13 First, PSD has unilaterally decided that its refurbishment of surf rides and its
 14 foreign sales of the Accused Products do not infringe the Asserted Patents, and therefore
 15 are irrelevant and not subject to disclosure. PSD has touted in various court filings that it
 16 has made only one sale of the Accused Products—while at the same time withholding
 17 potential evidence to rebut that assertion. PSD’s strained view of relevance is not
 18 supported by the law. Contrary to PSD’s contention, PSD’s refurbishments and foreign
 19 sales can infringe the Asserted Patents (directly or indirectly), and it is for the Court – not
 20 PSD – to make that determination. Moreover, regardless of whether these sales are
 21 ultimately deemed to infringe, PSD’s foreign sales and refurbishments are relevant to
 22 determining a reasonable royalty and rebutting a prima facie showing of obviousness.

23 In addition to basic sales information, PSD has refused to disclose any of its
 24 pending patent applications – which undisputedly relate to the accused products –
 25 claiming that they are irrelevant and confidential. Again, PSD’s relevance objection
 26 lacks merit, as courts in this and other districts agree that a defendant’s patent
 27 applications are directly relevant to issues of willful infringement, prior art, equivalency,
 28 and claim construction. Further, PSD’s confidentiality concerns are adequately protected

1 by the protective order entered in this case, and, in any event, were waived because they
2 were not raised in PSD's responses.

3 PSD's foreign sales, refurbishments, and pending patent applications are highly
4 relevant to this case, and PSD cannot satisfy its burden to demonstrate that their
5 disclosure is not warranted. Accordingly, Whitewater respectfully requests that the Court
6 compel PSD to provide documents and information responsive to Requests for
7 Production Nos. 21, 41, 44-45, and full and complete responses to Interrogatories 2-3,
8 and 9.

9 **II. FACTS**

10 **A. PSD's Responses to Whitewater's Discovery Requests**

11 Whitewater propounded its first set of requests for production ("RFPs") and its
12 first set of interrogatories ("Interrogatories") on December 21, 2015. (Decl. of Shaun
13 Hoting ("Hoting Decl.") ¶ 2, Exs. A-B.) Whitewater's requests sought information
14 related to PSD's infringing conduct identified in the Complaint, as well as PSD's
15 defenses asserted in PSD's Answer. (*See id.*)

16 After Whitewater granted PSD's request for a two-week extension to respond,
17 PSD served severely deficient responses and objections to the discovery requests on
18 February 8, 2016.¹ (*Id.* ¶ 3, Exs. C-D.) PSD's responses consisted largely of boilerplate
19 objections, including regarding key terms that Whitewater had defined in its requests.
20 For example, Whitewater defined the terms "PSD," "Defendant," "You," and "Your" to
21 include "any officers, directors, partners, associates, (current and former) employees,
22 staff members, agents, representatives, attorneys (including its counsel of record in this
23 litigation), subsidiaries (foreign or domestic), parents, affiliates, divisions, successors,
24 predecessors, and any other related entities of Pacific Surf Designs, Inc." (*Id.*, Ex. A at
25 2:10-15, Ex. B at 2:10-15.) PSD objected to this definition as overly broad, vague, and

26
27 ¹ Although PSD's initial responses were deficient in several respects, the deficiencies
28 described herein relate only to those requests that the parties were unable to resolve
through meeting and conferring.

1 ambiguous, and redefined the terms to mean only “Defendant Pacific Surf Designs,
2 Inc.”—though PSD failed to state in its response whether it is withholding responsive
3 documents or information based on its revised definition. (*Id.*, Ex. C at 3:14-21, Ex. D at
4 3:14-21.)

5 PSD also objected to Plaintiffs’ definition of “Accused Products” as overly broad,
6 vague, and ambiguous to the extent the term includes “Defendant’s refurbishment of any
7 surfing rides, and any other waterslide or surfing products that Defendant manufactures,
8 uses, sells, offers for sale, and/or imports that incorporate nozzle covers and/or curved
9 sidewalls.” (*Id.*, Ex. C at 3:22-27, Ex. D at 22-27.) Again, PSD failed to state in its
10 response whether it was withholding responsive documents or information based on its
11 objection to this term. (*Id.*)

12 Apart from its boilerplate objections, PSD’s responses were severely lacking in
13 substance. PSD’s document production was less than 500 documents, which entailed
14 hundreds of pages of PSD’s advertising images and pictures of waterpark magazine
15 articles. (Decl. of Leanna Costantini (“Costantini Decl.”) ¶¶ 2-3.) In its document
16 production and interrogatory responses, PSD produced information relating to only two
17 of its sales in the United States. PSD provided no information regarding any foreign
18 sales or offers for sale of the Accused Products. (*Id.* ¶ 3; Hoting Decl., Ex. D at 8-11
19 [Responses to Interrogatories 2-3].) PSD also provided no information related to any of
20 its surf ride refurbishments done in connection with Flow Services—a company formed
21 and apparently controlled by PSD’s CEO Yong Yeh. (Costantini Decl. ¶ 3; Hoting Decl.,
22 Ex. D at 8-11 [Responses to Interrogatories 2-3].) Finally, PSD did not produce any of
23 its patent applications, and it provided no response to Whitewater’s interrogatory
24 requesting PSD to identify any pending patent applications that it contends cover the
25 Accused Products.² (Costantini Decl. ¶ 3; Hoting Decl., Ex. D at 18-19 [Response to
26 Interrogatory 9].)

27 _____
28 ² PSD supplemented its responses to the interrogatories regarding PSD’s sales and its
patent applications; however, those responses still failed to provide any information

B. Whitewater's Meet and Confer Efforts

Whitewater initiated its meet and confer efforts regarding PSD's discovery responses in a letter dated February 19, 2016. (Hoting Decl. ¶ 5, Ex. H.) In its letter, Whitewater explained, with legal support, that PSD's boilerplate objections were without merit and the documents that PSD expressly refused to produce were, in fact, relevant and discoverable. (*Id.*) Whitewater also requested that PSD identify whether it was withholding other responsive documents based on its objections to Whitewater's defined terms. (*Id.*) In a subsequent letter dated February 26, 2016, Whitewater identified, request by request, the specific deficiencies in PSD's interrogatory responses, and explained, with legal support, that the information sought was relevant and discoverable. (Hoting Decl. ¶ 5, Ex. I.) Further, Whitewater offered to narrow the scope of the interrogatories for which PSD stated it would meet and confer. (*Id.*)

PSD responded to Plaintiffs' initial meet and confer letter on March 1, 2016. In its letter, counsel for PSD balked at Whitewater's attempt to engage in a thorough dialogue regarding PSD's discovery responses. (Hoting Decl. ¶ 6, Ex. J.) Instead, PSD simply claimed that it had not withheld any "relevant" documents, wholly evading the question of whether it had withheld *responsive* documents. (*Id.*) In the weeks that followed, Whitewater engaged in several calls and letter correspondence with PSD's counsel in attempt to get clarity about whether and what responsive documents PSD was withholding. (*Id.* ¶ 7; *see id.*, Ex. O.) With respect to the requests that PSD expressly stated it would not produce, Whitewater continued to attempt to resolve the disputes without court intervention by providing further case law and analysis that Whitewater is entitled to such information. (*Id.* ¶ 7.) However, further delaying resolution of PSD's

regarding sales other than the two sales disclosed in its initial document production. (Hoting Decl. ¶ 4, Ex. F at 14:17-27, 17:1-5, Ex. G at 14:20-15:2, 18:8-17.) In addition, PSD's supplemental interrogatory responses failed to provide any information about its patent applications. (*Id.*, Ex. F at 26:15-19.)⁴

1 discovery responses, PSD did not provide a definite answer regarding the documents it
2 was withholding until May 4, 2016, in an email from PSD's counsel. (*Id.*, Ex. K.)

3 Having thoroughly conferred on all of the disputed documents and interrogatory
4 responses, Whitewater first contacted the Court's chambers to schedule its motion to
5 compel upon receipt of PSD's May 4 email. (*Id.* ¶ 8.) On May 19, 2016, the parties
6 conducted a teleconference with chambers regarding PSD's discovery responses. During
7 the call, PSD changed its position regarding why it believed it was not required to
8 produce information relating to Flow Services. (*Id.*) PSD had previously claimed that
9 information relating to its refurbishment work in connection with Flow Services was
10 irrelevant because Whitewater had not alleged contributory infringement in its
11 infringement contentions (disregarding the fact that Whitewater had done so in its
12 Complaint). (*See id.*, Ex. J.) During the call, however, PSD claimed that it was not
13 required to produce *any* information regarding its refurbishments of surf rides—not just
14 those done in connection with Flow Services—because it claimed that a U.S. Supreme
15 Court case, *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, 365 U.S. 336
16 (1961), precluded all claims of infringement based on refurbishment. (Hoting Decl. ¶ 8.)

17 In addition, in the correspondence leading up to the call with chambers, PSD had
18 maintained that it was not required to produce responsive information regarding its
19 relationship with ProSlide, one of Whitewater's competitors in the sheet wave water ride
20 industry. (*Id.* ¶ 9.) PSD claimed that Whitewater was not entitled to documents related
21 to Proslide because Proslide is “not a party to the case or the basis for any allegation of
22 infringement contained in Whitewater's infringement contentions.” (*Id.*, Ex. L; *see also*
23 *id.*, Ex. D at 19:14-26 [Response to Interrogatory 10].) During the call with the Court's
24 chambers, however, counsel for PSD falsely claimed that it had already produced the
25 responsive information regarding ProSlide.³

26
27
28 ³ PSD did not produce information responsive to Whitewater's requests regarding
ProSlide until the day after the call with chambers, only after Whitewater asked PSD to

1 Finally, PSD claimed that it would also have issues to raise in a motion to compel
 2 regarding Whitewater's discovery responses. (*Id.* ¶ 10.) Because of PSD's changed
 3 positions and its purported issues with Whitewater's discovery responses, chambers
 4 instructed the parties to meet and confer further and to wait to bring a motion to compel
 5 until all of PSD's issues were ripe for review as well. (*Id.*)

6 Although Whitewater immediately conferred with PSD regarding the new issues
 7 raised during the call with chambers (*see* Hoting Decl., Ex. M), PSD delayed its meet and
 8 confer efforts regarding Whitewater's responses. From the beginning, Whitewater was
 9 upfront about the documents and information it would not agree to produce, as well as its
 10 reasons for withholding such information. (*Id.* ¶ 11.) For all requests that PSD asked
 11 Whitewater for additional documents or information, Whitewater complied, with the
 12 exception of one category of information.⁴ (*Id.*) Unfortunately, PSD made no attempt to
 13 confer regarding several of its requests until as recently as June 24, 2016, nearly three
 14 months after Whitewater served its initial responses on April 6, 2016. (*Id.*)

15 After PSD had finally exhausted all of its discovery demands, Whitewater initiated
 16 another call with chambers on August 10, 2016, scheduling the instant Motion to
 17 Compel. (*Id.* ¶ 12.)

18 **III. ARGUMENT**

19 Under the Federal Rules of Civil Procedure, "[p]arties may obtain discovery
 20 regarding any nonprivileged matter that is relevant to any party's claim or defense." Fed.
 21 R. Civ. P. 26(b)(1). The definition of relevancy, for purpose of discovery, "has been
 22 construed broadly to encompass any matter that bears on, or that reasonably could lead to
 23 other matter that could bear on, any issue that is or may be in the case." *Oppenheimer*

24
 25 provide the Bates number for the document that it represented to chambers that it
 26 produced. (Hoting Decl. ¶ 9, Exs. M-N.)

27 ⁴ Specifically, Whitewater has not complied with PSD's demands for privileged and
 28 irrelevant discovery regarding Whitewater's maintenance fee payments, which will be
 discussed in detail in Whitewater's opposition to PSD's motion to compel that is
 scheduled to be filed at the same time as this Motion.

Fund, Inc. v. Sanders, 437 U.S. 340, 351 (1978); *see Phoenix Solutions Inc. v. Wells Fargo Bank, N.A.*, 254 F.R.D. 568, 575 (N.D. Cal. 2008) (“The scope of discovery permissible under Rule 26 should be liberally construed; the rule contemplates discovery into any matter that bears on or that reasonably could lead to other matter that could bear on any issue that is or may be raised in a case.”). Consistent with the goal of broad discovery, “[t]he party who resists discovery has the burden to show discovery should not be allowed, and has the burden of clarifying, explaining, and supporting its objections.” *Duran v. Cisco Systems, Inc.*, 258 F.R.D. 375, 378 (C.D. Cal. 2009) (citing *Blankenship v. Hearst Corp.*, 519 F.2d 418, 429 (9th Cir. 1975)).

As set forth below, information regarding PSD’s foreign sales, refurbishment of surf rides, and pending patent applications are highly relevant to the claims and defenses in this case, and PSD cannot satisfy its burden to demonstrate that this discovery should not be allowed. As such, PSD should be compelled to provide full responses to Request for Production Nos. 21, 41, 44-45, and Interrogatories 2-3, 9.

A. PSD should be Compelled to Produce Information Relating to PSD’s Foreign Sales (RFP Nos. 44-45; Interrogatories 2-3)

Requests for Production Nos. 44-45 and Interrogatories 2-3 all request detailed sales information regarding the Accused Products, including documents and information relating to PSD’s foreign sales activities. (*See* Hoting Decl., Ex. A at 13-14, Ex. B. at 7-8.) To date, PSD has disclosed information for only two of its U.S. sales. (Costantini Decl. ¶ 3.) PSD claims that none of its foreign sales of the accused products constitute infringement, and therefore, it is not required to disclose such information. (*See* Hoting Decl. ¶13, Ex. O at 1.)

PSD’s relevance objection lacks merit. First, contrary to PSD’s contention, information regarding PSD’s foreign sales could lead to evidence regarding PSD’s infringement. Under 35 U.S.C. § 271(a), offers made within the United States to sell an infringing product to an overseas buyer constitutes direct infringement. *See, e.g., CLS Bank Int’l v. Alice Corp. Pty.*, 667 F. Supp. 2d 29, 37 (D.D.C. 2009) (denying summary

1 judgment of no infringement where the activity pertaining to the offer and sale took place
 2 in the United States, notwithstanding that all of the steps of a accused method were
 3 performed abroad); *Wesley Jessen Corp. v. Bausch & Lomb, Inc.*, 256 F. Supp. 2d 228,
 4 235 (D. Del. 2003) (finding that defendant would be in violation of injunction prohibiting
 5 further infringement if defendant made offer within the United States to sell infringing
 6 products to overseas buyers). *See also 3D Sys., Inc. v. Aarotech Labs., Inc.*, 160 F.3d
 7 1373, 1379 (Fed. Cir. 1998) (stating that the “offers to sell” language in Section 271(a) is
 8 “hollow” if potential infringers could escape liability for the type of contact defendant
 9 engaged in, *i.e.*, sending promotional letters, order solicitations, and price quotations to
 10 potential purchasers of a patented invention).

11 Further, 35 U.S.C. § 271(f) imposes liability for supplying from the United States a
 12 patented invention’s components, even if the patented product is made and sold in
 13 another country. *See Microsoft Corp. v. AT & T Corp.*, 550 U.S. 437, 439-40 (2007)
 14 (“Section 271(f) was a direct response to a gap in U.S. patent law revealed by *Deepsouth*
 15 *Packing Co. v. Laitram Corp.*, 406 U.S. 518 [(1972)], where the items exported were kits
 16 containing all the physical, readily assemblable parts of a machine (not an intangible set
 17 of instructions), and those parts themselves (not foreign-made copies of them) would be
 18 combined abroad by foreign buyers.”). *See, e.g., WesternGeco L.L.C. v. ION*
 19 *Geophysical Corp.*, 876 F. Supp. 2d 857, 899-900 (S.D. Tex. 2012) (denying summary
 20 judgment of non-infringement where accused infringer supplied components of patent
 21 that were combined abroad by foreign buyers); *Imagexpo, L.L.C. v. Microsoft Corp.*, 299
 22 F. Supp. 2d 550, 553 (E.D. Va. 2003) (denying motion *in limine* to bar plaintiff from
 23 seeking damages for products made outside the United States where defendant supplied
 24 the components).

25 Regardless of whether PSD’s foreign sales are ultimately deemed to infringe the
 26 Asserted Patents, PSD may not unilaterally make such a determination for the purposes
 27 of complying with its discovery obligations. Relevance for discovery includes “any
 28 matter that bears on or that *reasonably could lead to* other matter that could bear on any

1 issue that is *or may be raised in a case.*” *Phoenix Solutions Inc.*, 254 F.R.D. at 575
 2 (emphasis added). Whitewater is entitled to review the documents to make its own
 3 determination about whether to pursue claims of infringement based on PSD’s foreign
 4 sales. If PSD wishes to argue that its actions do not amount to infringement, it may do so
 5 at trial.

6 Moreover, apart from PSD’s infringement, PSD’s foreign sales information is
 7 relevant to “determining a reasonable royalty and rebutting a prima facie showing of
 8 obviousness.” *3Com Corp. v. D-Link Sys., Inc.*, No. C 03-2177 VRW, 2007 WL 949596,
 9 at *4 (N.D. Cal. Mar. 27, 2007); *Murata Mfg. Co. v. Bel Fuse, Inc.*, 422 F. Supp. 2d 934,
 10 945 (N.D. Ill. 2006) (compelling production of foreign sales information in patent
 11 infringement suit). Indeed, the Federal Circuit has recognized that foreign sales are
 12 relevant to measuring damages. *See Carnegie Mellon Univ. v. Marvell Tch. Grp., Ltd.*,
 13 807 F.3d 1283, 1306 (Fed. Cir. 2015) (“[O]nce one extends the extraterritoriality
 14 principle to confining how *damages* are calculated, it makes no sense to insist that the
 15 action respecting the product being used for measurement itself be an *infringing*
 16 action.”). Further, PSD has placed its foreign sales directly at issue by asserting an
 17 invalidity defense of obviousness (*see* ECF No. 13 at 6), as objective evidence of
 18 secondary considerations of non-obviousness, such as the commercial success of the
 19 patented products, are “essential components” of the obviousness inquiry. *Apple Inc. v.*
 20 *Int’l Trade Comm’n*, 725 F.3d 1356, 1375 (Fed. Cir. 2013). Whitewater is entitled to
 21 documents that PSD has that may bear upon this inquiry.

22 Accordingly, PSD should be compelled to produce documents responsive to
 23 Whitewater’s Requests for Production Nos. 44-45 and Interrogatories 2-3, including
 24 detailed information regarding its foreign sales and offers for sale.

25 **B. PSD should be Compelled to Produce Information Relating to PSD’s**
 26 **Refurbishment of Surf Rides (RFP Nos. 21, 44-45; Interrogatories 2-3)**

27 Requests for Production Nos. 44-45 and Interrogatories 2-3 request detailed sales
 28 information regarding the Accused Products. (*See* Hoting Decl., Ex. A at 13-14, Ex. B.

at 7-8.) Whitewater’s requests defined “Accused Products” to include “Defendant’s refurbishment of any surfing rides, and any other waterslide or surfing products that Defendant manufactures, uses, sells, offers for sale, and/or imports that incorporate nozzle covers and/or curved sidewalls.” (*Id.* at 2:19-26.) This definition is consistent with Whitewater’s allegation in the Complaint and its infringement contentions that Whitewater’s refurbishment of surf rides infringes U.S. Patent No. 6,491,589 (the “‘589 Patent”). (*See* ECF No. 1 ¶ 15, 20; ECF No. 70-4, Ex. A at 3:12-14.)

In addition to requests regarding PSD’s sales, information regarding PSD’s refurbishment of surf rides is responsive to RFP No. 21, which seeks documents related to PSD’s relationship with Flow Services, the company through which PSD refurbishes surf rides. (*See* Hoting Decl., Ex. A at 9.)

1. PSD is potentially liable for direct or contributory infringement based on Flow Services’ refurbishments

PSD initially refused to produce information relating to Flow Services on the grounds that Whitewater did not allege contributory or induced infringement in its Infringement Contentions. (Hoting Decl. ¶ 8; *see id.*, Ex. J.) This argument, however, fails on multiple grounds.

First, the bounds of discovery are not circumscribed by Whitewater’s infringement contentions. *Phoenix Solutions Inc.*, 254 F.R.D. at 575 (Relevance for discovery includes “any matter that bears on or that reasonably could lead to other matter that could bear on any issue that is or may be raised in a case.”). Whitewater alleged in the Complaint that PSD’s infringing conduct included not only direct infringement, but also that PSD was “inducing others to do the same” and “contributing to the manufacture, import, use, sale, or offer for sale of products that infringe one or more claims of the Patents-in-Suit.” (ECF No. 1 at ¶ 21.) Indeed, discovery of new information regarding PSD’s potential contributory or induced infringement is precisely the grounds that would provide cause for Whitewater to amend its infringement contentions. *See* Patent L.R. 3.6(2); *see, e.g., Fortinet, Inc. v. Palo Alto Networks, Inc.*, No. C-09-00036 RMW, 2010 WL 4608250, at

*1 (N.D. Cal. Nov. 5, 2010) (allowing plaintiff to amend its infringement contentions after newly discovery evidence of infringement).

Moreover, PSD is likely to be deemed directly liable for Flow Services' infringement, and thus a claim for contributory or induced infringement based on Flow Services' direct infringement is not necessary in this case. Based on information produced in discovery, PSD and Flow Services appear to be in all material respects the same entity. For example, both companies were both founded by PSD's CEO Yong Yeh, and the companies share the same business address. (*See* Hoting Decl. ¶ 14, Exs. P-R.) Under such circumstances, Flow Services' direct infringement can and should be imputed to PSD. *See, e.g., A. Stucki Co. v. Worthington Indus., Inc.*, 849 F.2d 593, 596 (Fed. Cir. 1988) (holding that parent company's ability to control a subsidiary and stop alleged infringement required imputing liability on the parent); *see also Frank Music Corp. v. MGM, Inc.*, 886 F.2d 1545, 1553 (9th Cir. 1989) (holding that a parent was jointly liable for a subsidiary's copyright infringement where the two shared a "substantial and continuing relationship").

2. *Aro Manufacturing* supports discovery of information regarding PSD's refurbishment of surf rides

PSD also claims that any information about PSD's refurbishment of surf rides, not just those done under the Flow Services name, is not discoverable. (*See* Hoting Decl. ¶ 8.) According to PSD, its refurbishments are irrelevant because its refurbishments do not infringe under *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961). (*Id.*) Contrary to PSD's contention, however, *Aro Mfg.* does not govern the discovery in this case. Moreover, even if *Aro Mfg.* applied, that case only supports that Whitewater is entitled to this discovery.

The only question before the Court in *Aro Mfg.* was whether a defendant's manufacture and sale of an *unpatented element* of a patent constituted contributory infringement—more specifically, whether purchasers of a specially cut fabric for use in a patented automobile convertible top had used the fabric for a permissible "repair" or an

impermissible “reconstruction” of the patented combination. *Id.* at 339-340. In finding that the replacement fabric did not directly infringe the patent in suit, the court explained that “[m]ere replacement of individual unpatented parts . . . is no more than the lawful right of the owner to repair his property.” *Id.* at 345. Importantly, the Court noted that the replacement of unpatented elements could comprise an impermissible reconstruction, where such reconstruction amounts to a “true reconstruction of the entity as to ‘in fact make a new article,’ after the entity, viewed as a whole, has become spent.” *Id.*; *see also Canon, Inc. v. GCC Int’l Ltd.*, 263 F. App’x 57, 62 (Fed. Cir. 2008) (finding that the replacement of the toner cartridge for printers would constitute impermissible reconstruction because it would essentially be a “second creation of the patented entity”); *Husky Injection Molding Sys. v. Electra Form Inc.*, No. C-3-98-237, 2000 U.S. Dist. LEXIS 22015 (S.D. Ohio Feb. 9, 2000) (finding infringement when company sold conversion kits that used the patent holder’s process on plastic molding machinery and machine holders purchased the conversion kit not as a repair, but to change what their old machines could do).

Unlike the replacement fabric in *Aro Mfg.*, PSD’s refurbishment of surf rides entails the replacement of, not an unpatented element of the invention of ‘589 Patent, but rather the very invention of ‘589 Patent. Based on the limited information available given PSD’s refusal to provide discovery on the topic, PSD’s refurbishment appears to include the sale and installation of padded nozzle covers to replace old nozzle covers on sheet wave surf rides. (*See* Hoting Decl. ¶ 15, Exs. S-U.) The ‘589 Patent, entitled “Mobile Water Ride Having Sluice Slide-Over Cover,” relates to a sheet-flow water ride that provides an upward flow of water upon an inclined ride surface, allowing riders to perform surfing maneuvers. (ECF No. 1, Ex. 1.) Independent claim 17 of the ‘589 Patent teaches and claims a padded cover overlying the water-injecting components (e.g., nozzles), which significantly reduces the size and cost of sheet-wave rides, and improves

1 rider safety and enjoyability.⁵ (*Id.* at 24.) Thus, as alleged in the Complaint and
 2 Whitewater’s infringement contentions, PSD refurbishes surf rides in a manner that
 3 directly infringes Claim 17 of the ‘589 Patent. (*See* ECF No. 1 ¶ 15, 20; ECF No. 70-4,
 4 Ex. A at 3:12-14.)

5 Moreover, even assuming that PSD’s refurbishments were directed at unpatented
 6 elements of the Asserted Patents, “the drawing of the line between repair and
 7 reconstruction is an inherently fact-based, individualized process.” *See FMC Corp. v.*
 8 *Up-Right, Inc.*, No. C 92-321 SC, 1993 U.S. Dist. LEXIS 17182, at *17 (N.D. Cal. Jan. 8,
 9 1993) (denying cross-motions for summary judgment on infringement because the
 10 determination of whether defendant’s actions constitute repairs or reconstruction was a
 11 fact-based inquiry). Thus, PSD’s insistence that all discovery be foreclosed on this topic
 12 and that PSD is allowed to withhold documents and information addressing the full
 13 nature of PSD’s refurbishments is not warranted. In addition, to the extent that PSD’s
 14 refurbishments were done on any unlicensed structures, PSD would be liable for
 15 infringement regardless of whether it was deemed a “repair.” As the Court stated in *Aro*
 16 *Mfg. Co. v. Convertible Top Replacement Co. (Aro Mfg. II)*, 377 U.S. 476, 480 (1964),
 17 “[t]he reconstruction-repair distinction is decisive, [] only when the replacement is made
 18 in a structure whose original manufacture and sale have been licensed by the patentee . . .
 19 ; when the structure is unlicensed, . . . the traditional rule is that *even repair constitutes*
 20 *infringement.*” (emphasis added).⁶

21 ⁵ Claim 17 reads in full: “A cover for a water ride sluice gate from which a flow of water
 22 jets out, comprising a contoured flexible pad, a connector configured to removably affix
 23 the cover to said sluice gate, a flexible tongue at a downstream end of the cover, the
 24 tongue configured to extend over the water that jets from said sluice gate, and a generally
 25 flat portion at an upstream end of the cover, said tongue being urged downward against
 the flow of water jetting from said sluice gate.” (ECF No. 1, Ex. 1 at 24.)

26 ⁶ In addition, whether PSD is entitled to assert a permissible repair defense is
 27 questionable, at best, given that PSD asserted no such defense in its answer (*see* ECF No.
 28 13). *See Fuji Photo Film Co. v. ITC*, 474 F.3d 1281, 1293 (Fed. Cir. 2007) (“Repair is an
 affirmative defense to a claim of infringement.”); *Jorst v. D’Ambrosio Bros. Inv. Co.*, No.
 C 00-03646 CRB, 2001 WL 969039, at *9 (N.D. Cal. Aug. 13, 2001) (“A defendant

But again, regardless of whether PSD's refurbishments are ultimately deemed to infringe the Asserted Patents, PSD may not unilaterally make this determination for the purposes complying with its discovery obligations. If PSD wishes to argue that its actions do not amount to infringement, it may do so at trial; however, Whitewater is entitled to discovery to make its case. Accordingly, PSD's responses to Request for Production Nos. 44-45 and Interrogatories 2-3 are deficient, and PSD should be compelled to produce all responsive documents and information.

C. PSD should be Compelled To Produce Information Relating to PSD's Patent Applications (RFP No. 41; Interrogatory No. 9)

Documents and information relating to PSD's patent applications are responsive Request for Production Nos. 41 and Interrogatory 9.

Request No. 41 initially sought all "PSD issued patents, pending patent applications, abandoned, or otherwise inactive patent applications that relate to any waterslides." (Hoting Decl., Ex. A at 13.) In its Responses, PSD lodged several boilerplate objections, and refused to produce documents on the grounds that the request sought documents that are publicly accessible to Plaintiffs. (Hoting Decl., Ex. C at 29:26-30:13.) PSD made no confidentiality objection. (*See id.*) In Whitewater's initial meet and confer letter, Whitewater offered to narrow the request to call for only PSD's pending patent applications, which are not publicly available. (Hoting Decl., Ex. H at 6.) PSD has, however, continued to refuse to produce documents responsive to this request, claiming that they are not relevant. (*Id.*, Ex. J at 2.)

Again, PSD's relevancy objection is disingenuous. PSD manufactures only two types of products – the ProFlow line and the Supertube, both of which are alleged to infringe the Asserted Present, and which PSD advertises as practicing PSD's issued or pending patents. (*See* Hoting Decl. ¶ 16, Exs. V-W.) Understanding how PSD uses terms and technology with respect to its patents in comparison to its statements and

waives an affirmative defense where the defendant fails to plead that defense in its answer.").

1 characterizations of the exact same products accused of infringement in this case is well
2 within the bounds of relevant discovery. *See Zest IP Holdings, LLC v. Implant Direct*
3 *Mfg., LLC*, No. 10-0541-LAB(WVG), 2011 WL 5525990, at *1 (S.D. Cal. Nov. 14,
4 2011) (“Relevant evidence regarding willful infringement, prior art, and equivalency may
5 be present within [a defendant’s] patent applications.”); *Caliper Technologies Corp. v.*
6 *Molecular Devices Corp.*, 213 F.R.D. 555, 562 (N.D. Cal. 2003) (“Many courts have
7 concluded that [pending, abandoned, and issued patent] applications are relevant because
8 they may contain information or admissions that clarify, define or interpret the claims of
9 the patent in suit.”).

10 Moreover, PSD has identified in its invalidity contentions various prior art that
11 PSD contends renders the Asserted Patents invalid. To the extent that any such prior art
12 is mentioned in PSD’s patent applications for the accused products, how PSD
13 characterizes them is highly relevant to the scope of the prior art – particularly if such
14 admissions contradict PSD’s statements in this case. *See Morvil Tech., LLC v. Ablation*
15 *Frontiers, Inc.*, No. 10-CV-2088-BEN (BGS), 2012 WL 1965385, at *2 (S.D. Cal. May
16 31, 2012) (finding that defendant’s pending patent applications that mention the inventor
17 of the patent at issue or any prior art reference relied on by defendant in its invalidity
18 contentions were “directly relevant” to the case).

19 Finally, PSD has waived any confidentiality objection to disclosure of its pending
20 patent application by failing to assert it in its responses. *See Richmark Corp. v. Timber*
21 *Falling Consultants*, 959 F.2d 1468, 1473 (9th Cir. 1992) (“It is well established that a
22 failure to object to discovery requests within the time required constitutes a waiver of any
23 objection”). Further, the protective order entered by this Court on December 18, 2015
24 (ECF No. 24), allows for the designation of “CONFIDENTIAL – FOR COUNSEL
25 ONLY” materials (ECF No. 23 ¶ 5), eliminating any potential harm from PSD’s
26 disclosures of this information. *See Morvil*, 2012 WL 1965385, at *2 (finding that
27 protective order adequately addressed confidentiality concerns regarding disclosure of
28

1 pending patent applications); *Zest IP Holdings*, 2011 WL 5525990, at *1-2 (same);
 2 *Caliper Techs.*, 213 F.R.D. at 562 (same).

3 In addition to production of its pending patent applications, PSD's response to
 4 Interrogatory No. 9 is also required. Interrogatory No. 9 initially asked PSD to identify
 5 whether it contends that any of the Accused Products are covered by any issued patents
 6 or pending, abandoned, or inactive patents, and to identify the aspect of the Accused
 7 Products covered. (Hoting Decl., Ex. B at 10.) In response, PSD lodged several
 8 boilerplate objections and refused to answer the Interrogatory. (*Id.*, Ex. D at 18:21-19:4.)
 9 During the parties meet and confer, PSD claimed that this interrogatory requires an
 10 investigation that PSD is not required to do, and that it seeks privileged information.
 11 (*See id.*, Ex. O at 1.)

12 In an attempt to compromise, Whitewater narrowed the scope to the patent or
 13 patent applications "belonging or assigned to PSD." (*Id.*, Ex. O at 3-4.) Still, PSD
 14 refused to provide any response, claiming that the information is either privileged or
 15 irrelevant and that Whitewater could obtain the answer through a deposition. (*Id.* at 1.)
 16 On May 27, 2016, PSD served a supplemental response to this interrogatory, but its
 17 response continued to evade the question.⁷ (*Id.*, Ex. F at 26:15-19.)

18 As an initial matter, PSD may not unilaterally decide the method through which
 19 Whitewater can obtain discoverable information. *Leasure v. Willmark Communities,*
 20 *Inc.*, No. 11-cv-0443-L (DHB), 2012 WL 4361555, at *6 (S.D. Cal. Sept. 21, 2012)
 21 ("Plaintiffs are entitled to pursue appropriate discovery in the manner they choose.");
 22 *National Union Fire Ins. Co. v. Continental Ill. Corp.*, 116 F.R.D. 78, 83 (N.D. Ill. 1987)
 23 (rejecting suggestion that the party seeking discovery proceed by depositions rather
 24 interrogatories and document requests because "Depositions are themselves expensive.
 25 They are a singularly unsuitable (because inefficient and therefore costly) method for
 26 information gathering if the questioner is compelled to depose witnesses . . . without any

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 28 ⁷ PSD's supplemental response states that "PSD states that it does not mark any Accused
 Product with a patent number." (Hoting Decl., Ex. F. at 26:18-19.)

1 background information.”). Thus, PSD’s assertion that a response to this interrogatory
2 could be obtained in a deposition is not grounds to avoid complying with its discovery
3 obligations.

4 PSD’s privilege objection to Interrogatory No. 9 similarly lacks merit. “[A]n
5 interrogatory is not objectionable merely because it asks for an opinion or contention that
6 relates to fact or the application of law to fact.” Fed. R. Civ. P. 33(a)(2); *see* Notes of
7 Advisory Committee on Rules (1970) Amendment to Subdivision (b) (“As to requests for
8 opinions or contentions that call for the application of law to fact, they can be most useful
9 in narrowing and sharpening the issues, which is a major purpose of discovery.” Nor are
10 such interrogatories objectionable on the ground that they encroach on attorney work
11 product. *See United States v. Boyce*, 148 F. Supp. 2d 1069, 1086 (S.D. Cal. 2001); *see*
12 *also Audatex N. Am. Inc. v. Mitchell Int’l, Inc.*, No. 13cv1523-BEN (BLM), 2014 WL
13 4961437, at *2 (S.D. Cal. Oct. 3, 2014) (compelling defendant to answer a non-
14 infringement contention interrogatory).

15 PSD’s pending patent applications are directly relevant to the issues of
16 infringement, invalidity, claim construction, willfulness, prior art and equivalency, and
17 its opinion about whether the Accused Products are covered by such products are not
18 privileged. An order compelling PSD to provide complete responses to RFP No. 41 and
19 Interrogatory 9 is, therefore, warranted.

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1 **IV. CONCLUSION**

2 For the foregoing reasons, Whitewater respectfully requests that the Court compel
3 PSD to provide full and complete responses to Request for Production Nos. 21, 41, 44-
4 45, and Interrogatories 2-3, 9.

5
6 DATED: September 9, 2016

GREENBERG TRAURIG, LLP

7
8 *Attorneys for Plaintiffs*

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CERTIFICATE OF SERVICE

STATE OF CALIFORNIA, COUNTY OF ORANGE:

I am employed in the aforesaid county, State of California; I am over the age of 18 years and not a party to the within action; my business address is **3161 Michelson Drive, Suite 1000, Irvine, CA 92612.**

On September 9, 2016, I caused to be electronically filed the following documents, described as:

PLAINTIFFS' NOTICE OF MOTION AND MOTION TO COMPEL DEFENDANT'S DISCOVERY RESPONSES;

DECLARATION OF SHAUN A. HOTING IN SUPPORT OF PLAINTIFFS' MOTION TO COMPEL DEFENDANT'S DISCOVERY RESPONSES

DECLARATION OF LEANNA C. COSTANTINI IN SUPPORT OF PLAINTIFFS' MOTION TO COMPEL DEFENDANT'S DISCOVERY RESPONSES

EXHIBITS A-W

with the Clerk of the United States District Court of the Central District of California, using the CM/ECF System. The Court's CM/ECF System will send an e-mail notification of the foregoing filing to the following parties and counsel of record who are registered with the Court's CM/ECF system:

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☒ **(FEDERAL)** I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made. I declare under penalty of perjury under the laws of the United States of America that the above is true and correct.

Executed on September 9, 2016, at Irvine, California.

/s/ Leanna C. Costantini

Leanna C. Costantini